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Regressive Taxation and the Welfare State: Path Dependence and Policy Diffusion. Junko Kato.

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played in Bourgois, Lettiere, and Quesada's study of HIV risk among homeless heroin addicts in San Francisco is particularly striking and should be appreciated by all interested readers. A possible shortcoming to the text is the three epidemiological chapters. The quantitative discourse exemplified in these chapters is inconsistent with the rest of the book. Furthermore, the survey information studied in these articles is somewhat dated calling into question its contemporary relevance. Nevertheless, the articles in this text represent valuable contributions to the study of drug and alcohol problems. They are readings that all students and scholars in the drug and alcohol field will appreciate. Those interested in the social construction of social problems will find this book particularly satisfying.

Sean R. Hogan, University of California, Berkeley

Junko Kato, *Regressive Taxation and the Welfare State: Path Dependence and Policy Diffusion*. New York: Cambridge University Press, 2003. \$55.00 hardcover.

The extent to which globalization creates new opportunities for world citizens or constrains already existing relationships between them has been of central importance to social scientists and policy makers. As the period of Keynesian sanctity yielded to neo-liberal market efficiency, welfare state expenditures were called into question and nation states began to face serious challenges funding and maintaining social programs. A number of policy makers, economists and politicians began announcing an era of retrenchment and in some cases suggested that the welfare state, along with twentieth century definitions of welfare, would need to adapt according to the dictates of an international economy. Welfare state proponents began to readily critique this assertion, resulting in an ongoing political and intellectual debate in which the supposedly inevitable impetus for welfare state retrenchment has been called into question.

In *Regressive Taxation and the Welfare State* Junko Kato provides some useful evidence to inform this debate. The book investigates how earlier tax policy decisions resulted in a limited or open set of funding options for maintaining welfare state expenditures when globalization began to bear down in the early 1990s. Kato's

data suggests that those nations, which relied most heavily on income tax to fund their welfare states prior to the 1970s, faced the most serious resistance to increased spending over the last two decades. By combining a multivariate analysis of eighteen OECD (Organization for Economic Cooperation and Development) countries with nine in-depth case studies, Kato offers a compelling argument for considering the political and economic dimensions of welfare state spending. Kato looks specifically at how nations that introduced a value-added tax (VAT) early on in the development of their welfare states were able to maintain well-funded social programs into the twenty first century.

Most of the book consists of the country case studies, and most of them are situated in the West. Indeed, only one of the case studies is a newly industrialized country. The case studies allow Kato to consider the political and economic dimensions of policy-making more closely. The studies of Sweden and South Korea are good examples of this analysis as they highlight the significance of party politics and cultural history over pure economic determinism. Moreover, the case studies also highlight the varying ways governments have approached redistribution and the extent to which universal benefits have become a hallmark of nations that maintain a high level of expenditure today.

Overall, Kato provides a compelling mix of quantitative and qualitative data to equip the reader with some useful tools for considering what is at stake in the ongoing debate over the future of welfare state funding. The introductory discussion of path dependency and globalization will familiarize the reader with the current trends in welfare state spending and policy-making. The ample description of key historical periods within the nine country case studies also allows for some tentative, if not final conclusions on policy diffusion and funding structures. The quantitative data and case studies are well presented and, when taken together, they allow for good comparisons to be made between nations and within nations over time. Lastly, for those interested in the impact party politics may have on policy diffusion, the case studies suggest rethinking the alleged demise of class politics and party alliances in the West.

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